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PROGRESS OF THE CROP INSURANCE PROGRAM

An interview between Wallace L. Kadderly, Radio Service, and Cecil A. Johnson, Federal Crop Insurance Corporation, broadcast Tuesday, November 1, 1938, in the Department of Agriculture period, National Farm and Home Hour, by 99 stations associated with the National Broadcasting Company.

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KADDERLY:

Now from the agricultural outlook, we turn to another subject that's appropriate in the fall. At this time of the year most farmers take stock of the past year and plan for the coming winter and spring. The agricultural outlook reports are prepared to assist farmers in both long time and short period planning. Therefore, now is the time for reports on the outlook and for reports like our next one--on wheat crop insurance. Our speaker is Cecil A. Johnson, Secretary of the Federal Crop Insurance Corporation. Cecil, last week your fellow-worker, Leroy Smith, told this audience that a great many farmers are fitting crop insurance for wheat into the plans they are making this fall for their 1939 farm business.

JOHNSON:

They certainly are, Wallace. More than 200,000 winter wheat growers have included crop insurance in their farming program for next year--that is, they have applied for crop insurance on their 1939 crop. But I want every grower to know that this protection won't be in effect unless the premium is paid. So it's good business for every grower to include that premium payment in his fall budget, and to pay it before weather has a chance to injure his growing crop.

KADDERLY:

Cecil, if you were a farmer, just how would you charge that premium?

JOHNSON:

Why, I'd put it down as part of the investment in the crop.

KADDERLY:

Investment?

JOHNSON:

Certainly. For example, if you could be sure of 75 per cent of an average crop by seeding an extra bushel or so an acre, you would do that, wouldn't you?

KADDERLY:

Why, that would be just good business.

JOHNSON:

A grower can accomplish the same purpose -- he can be sure of 75 per cent of a crop -- by putting a bushel or so in the crop insurance reserve. That's good business.

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KADDERLY:

The bushel or so pays the premium on his wheat insurance policy. How are those premium payments coming along, Cecil?

JOHNSON:

Fine, Wallace. Last week, some 48,000 growers had paid their premiums and put their policies into force. Since then, payments have been coming in at the rate of 7,000 a day. This morning we have a grand total of more than 62,000 premiums paid.

KADDERLY:

Looks as though most growers are including crop insurance in that budget you were talking about.

JOHNSON:

It's true the payments are coming in at a good rate. But I want to make sure that those who are delaying know just what the delay means.

KADDERLY:

Leroy Smith said something about that a week ago --

JOHNSON:

Yes. He pointed out that the basic idea of crop insurance is that the grower and the Corporation will stand on the same ground with regard to the future crop that is being insured.

KADDERLY:

In other words, the crop should be insured before there is any indication what the weather and other conditions might be.

JOHNSON:

That's it, exactly. Now it's only human that some growers may tend to wait until they can see what the weather is going to do before insuring. That is, if the conditions are favorable, they may think: "We'll take a chance this year." Or, if conditions are poor, they may think: "This is a good year to insure."

KADDERLY:

Can they do that?

JOHNSON:

That's just the point I want to make -- they can't. Every grower who delays payment of his premium should bear that in mind. Here is how it works: A grower makes his application, then he gets a premium notice stating he has so many days in which to pay the premium, either with wheat or the cash equivalent of wheat.

KADDERLY:

And so far, the farmer and the Corporation are both on the same ground with regard to the crop.

JOHNSON:

Yes. Neither of us know what the crop chances are. But say that the

grower decides to wait a while, so he can see what the weather may do before he pays that premium.

KADDERLY:

Let me get this clear. The grower in this case decides to delay payment until after his premium notice has expired.

JOHNSON:

Yes. He waits until after the expiration date.

KADDERLY:

And what happens?

JOHNSON:

Why, say that the weather cuts the chances for the crop. The seedbed is dry -- or maybe it gets flooded -- or it blows. But now that farmer won't be able to get a policy. We can't take his premium after his crop is damaged. By delaying the payment, he may lose both his crop and insurance protection.

KADDERLY:

Just as a business man can't take out insurance on his building after a fire has started.

JOHNSON:

It's the same principle. And we must consider, too, that it wouldn't be fair to other insured growers to accept risks of growers who have waited until damage is probable.

KADDERLY:

To sum up, then: The only way to be sure of crop insurance protection is to pay the premium when it is due. If you wait until after the premium notice has expired your crop may not then be eligible for insurance.

JOHNSON:

That's right. Now, Wallace, there's one more thing I want to point out about wheat crop insurance. As we all know, weather is an important consideration, but not the only one in crop insurance. This is borne out by the fact that in some of the irrigated valleys in California a majority of the growers are insuring their wheat crops.

KADDERLY:

They know that ideal water and weather conditions are not the only factors in making a wheat crop.

JOHNSON:

That's the point exactly. They know that rust or hail or fire or insects or plant disease may ruin the crop, even though weather conditions are perfect. Now, just one other matter. I want to stress that in 20 Midwestern and Great Plains states, the final deadline for receipt of premiums on winter wheat is November 19. To wheat growers in this area, let me say: If you want to be sure of wheat to sell next year, your premium must be paid by that deadline, or by

the expiration date on the premium notice you have received.

KADDERLY:

Thank you, Cecil Johnson, for this report on the Crop Insurance Program.

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